The Impact of Working Capital Components Turnover Period Towards Market Value Ratio

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Through efficient management of working capital components (cash, accounts receivable, inventory, and accounts payable), companies can increase the value of the company. The purpose of this study is to determine the impact of working capital components turnover period towards the price to book value (PBV). This study uses 42 samples from 14 companies within three periods. The variables of this study is the PBV as the dependent variable and as the independent variables are cash turnover period, accounts receivable turnover period, inventory turnover period and accounts payable turnover period. To analyze the phenomena, the multiple linear regression is used to examine the effect of independent variables on the dependent variable. The results of the study indicate that the turnover period of cash, accounts receivable and accounts payable have significant effect to PBV, while inventory turnover period does not have significant effect to PBV.

***Key Words**: Price to book value (PBV), cash turnover period, accounts receivable turnover period, inventory turnover period, accounts payable turnover period.*

Background

The growth of the manufacturing sector has an important role in the economy of Indonesia. In 2012, manufacturing contributed 20,8%, or approximately Rp1.714,3 trillion from the total gross domestic product (GDP) amounted to Rp8.241,9 trillion. The contribution of the manufacturing sector is also expected to increase to 40% in the next few years (Investor Dialy in http://kemenperin.go.id/, 2013). The main objective of the company is to maximize shareholder profits, one of them with achieving the expected profit. Corporate profits can be distributed to shareholders as dividends or to be stored (retained earnings) that can be used for various purposes company. One of the ways to maximize the profit of the company's operations is the efficiency of working capital.

Sawir (2005:129), working capital is whole current assets owned by the company or can be intended as funds should be available to finance the company's daily operations. According to Antono (2013:1), the working capital can be obtained in various ways in accordance with the policies and activities of the company. When viewed from the company's management policy, capital can be made from external debt financing or by issuing shares, whereas when viewed from the activity of the company, the policy can be taken by investing or by increasing the company's sales.

According to Tampubolon (2005:32), working capital components include current assets (cash, accounts receivable, inventory) and current liabilities (accounts payable). Working capital in the company is very important, therefore financial managers must be able to plan well the large amount of working capital that is appropriate to the company needs. When the working capital efficient will be increase a value of the company, because the target of working capital management according to Sawir (2005:133), maximizing the value of the company to manage the current assets so that the marginal rate of return from investment is equal to or greater than the cost of capital used to finance the current assets. According to Handoko (2000:7), the working capital efficiency is a precise way in running business without wasting time, effort, cost and usability-related use of working capital, that is to strive for sufficient working capital not too much or little.

The company's value can be measured using the market value ratio. This ratio can provide information about the performance of the company based on an investor's perspective. The PBV is part of the market value ratio to measure the value of the company. According to Moeljadi (2006:75), the market value ratio is the ratio of connecting a set of stock price to earnings, book value per share, and dividends, then this ratio gives clues about what investors thinks about performance of the company in the past as well as future prospects. Then according to Moeljadi (2006:75), the market value consists of ratio earnings per share (EPS), price earnings ratio (PER), price to book value ratio (PBV), dividend yield (DY) and dividend payout ratio (DPR). The PBV ratio shows how much value of the company from what has been or being invested by the owner of the company. The higher ratio means the greater the additional wealth enjoyed by the owner of the company (Husnan & Pudjiastuti, 2006:76).

The value of the company will be very important because the high value of the company will be followed by high level of prosperity shareholders (Brigham & Gapensi, 2006:120). According to Fama (1978:284), the value of the company will be reflected in the value shares. The market value of a company's shares will be formed from the occurrence of a transaction between the seller and the buyer. The market value will reflect the level of company. Companies listed on the Stock Exchange Indonesia is a large scale company which has complex financing sources such as the long term financing. In addition, for go public company, the value of the company is very important because it affects the value of company shares. The influence of efficient working capital management in the company is significant to control the value of the company to remain attractive. Having a high value, it will allow companies to obtain short term and long term funding sources as one of the instruments for the survival of the company.

Comment [U1]: Paragraph terlalu pendak kurang penjelasan dan tidak ada referensi

According to Horne and Wachowicz (2007) manufacturing company require the working capital management efficiently, because the value of current assets manufacturing company is more than half from the total assets. With an efficient working capital management, a company can release capital for more strategic objectives, reduce the financial costs, and improve profitability (lotta *et.al.*, 2012:91). Indonesian Export Company Association (IECA) predicts the value of export products manufacturing company pass through US $ 120 billion, or Rp1.440 trillion in 2014, increased 9 percent from the estimate in 2013 amounted to US $110 billion. The increase was driven by trend of improvement economies the main export destinations such as the United States (US), Western Europe, Japan, a number of countries in South America, and the Middle East. Manufacturing exports

in 2014 supported by five superior products, electronics, textiles, footwear, wood, and automotive (Erwin in http://www.mmindustri.co.id/, 2014).

To face the business in 2014, PT. Pan Brothers Tbk., allocate for capital expenditures amount of US $60 million for the construction of seven plants. The aim of construction seven plants is to increase production capacity. In 2013 the company produces 30 million pieces of garments per year and will be increased to 42 million pieces per year. In 2014, PT. Semen Indonesia Tbk., are planning to build two new factories in Central Java and west Sumatra, the goal is to increase the production capacity of 3 million tons / year. The factory expansion is one of the strategies to increase sales growth in 2016 (Erwin in http://www.mmindustri.co.id/, 2014).

Theoretical Framework and Hypothesis Development

Working Capital

According to Deloof (2003) good management of working capital requires striking a balance between liquidity and profitability in order to maximize the value of the firm. The advantages of holding inventories and extending trade credit to customers are holding large inventory stocks enables firms to avoid interruptions in the production process and costly stock-outs. Moreover, granting trade credit to one's clients can stimulate sales, as it enables customers to verify the quality of the product before paying for it, and as it represents an additional source of credit for them. But, the higher the inventories and trade credit, the less money is available to the firm for profitable investment. This suggests that finding the optimal level of working capital may be a difficult task for firm managers. The level of working capital chosen by firms depends on firm-specific factors such as capital intensity, profitability, size, output volatility, global engagement, and so on (Ding *et.al.*, 2013:1491).

Working capital management is an essential part of the short term finance of a firm. With an efficient working capital management, a company can release capital for more strategic objectives, reduce the financial costs, and improve profitability (lotta *et.al.*, 2012:91). According to Tampubolon (2005:32) working capital component are cash, accounts receivable, inventory and accounts payable. According to Riyanto (2008:62), working capital is always in operation conditions or turnover in the business conditions of the company, working capital turnover begins when cash is invested in components of working capital until the time of return to cash. The longer the period of working capital turnover, means the slower turnover of working capital and working capital efficiency is low. Then, long periods of working capital turnover depends on how long the turnover period from the working capital components. It can be concluded to determine the amount of working capital efficiently, first measure are from the elements of working capital. The faster rate the turnover period from each working capital element, it means the working capital efficient. Instead, if the turnover period slowly, it means working capital in the company less efficient.

When the working capital efficient, will be increase a value of company because the target of working capital management according to Sawir (2005:133), maximizing the value of the company to manage the current assets so that the marginal rate of return from investment is equal to or greater than the cost of capital used to finance the current assets. Manage working capital efficiently will give benefits to company, such as when the working capital management in the company efficient can generate a high corporate value. So that, the company will give a positive signal to the investors and potential investors. The signal will

rise the demand on the number of share, so that the company will get the increase on the price of shares and PBV.

The Effect of Cash Turnover Period on PBV

According to Brigham and Michael (1999:159), most businesses are conducted regionally, nationally or even globally. Manufacturing companies operate through the head offices to branches, stores via the supply chains. Therefore an integral part of working capital management is the effective cash management level, which includes a system of transfer of funds from where they come in, to where they are needed, depending on where it is lacking and where it is in excess.

According to Riyanto (2008:94), cash is element of working capital the highest level of liquidity. According to Kashmir (2011:140), cash turnover used to measure the level of adequacy of working capital needed to pay the bills and finance the sale. Cash turnover is an efficiency ratio that allows a company to determine how it used cash to generate sales, the higher of cash turnover it means the use of cash is more efficient. The faster cash turnover period means the company has a faster cash cycle. It could indicates that the company is efficient in the use of cash (can fill up quickly and use the cash for better purposes). Negatively influences because when there is an increase in cash turnover period one day then PBV will decrease. Cash can generate capital from sales revenue then capital will be used again to finance daily business activities. When the capital hampered, activity daily company will disrupted. So that the profitability and liquidity of the company will decrease. Then investors will assess the prospects of the company decreased, so the PBV will decrease.

In the research Agizha (2014) stated when the cash turnover period faster, the company can get the capital from those cash faster, then will be used for finance the general corporate activities like investment, pay salary and buy raw material. If the cash turnover efficient can generate a better prospects to the company, so that can attract investors to invest. The impact are stock price will increase and PBV will increase also. This is reinforced in the research Yuniarti (2014) also suggests that there is significant influence between the cash turnover on the PBV. Based on the theory and research results, the hypothesis is formulated as follows:

H_1: The cash turnover period negatively influences PBV.

The Effect of Accounts Receivable Turnover Period on PBV

Firms would in general, rather sell for cash than on credit, but competitive pressure force firms allowing credit. By giving these goods out and reducing the stock an account receivable is created. Receivables management begins with guideline on credit, and to put a check on the system is equally vital. Corrective actions are mostly required, more so, the only means of understanding if the condition is getting out of hand is with good receivable control system (Brigham & Michael, 1999:159).

According to Newstex (2015:1), the accounts receivable turnover ratio shows how many times a company pays off its average accounts receivable within a given year. The accounts receivable turnover period is used by management to understand how a company handles the collection of payments owed to the business. Negatively influences because when there is an increase in accounts receivable turnover period one day then PBV will decrease. When the company longer to convert receivables into cash than before, make capital tied in

receivables longer. So that the capital will be hampered to finance activity daily company. Then investors will assess the prospects of the company decreased, so the PBV will decrease.

Sawir (2005: 198) stated, the greater of accounts receivable means increases the risk, but at the same time increase profitability. The longer of average time billing, means capital tied in accounts receivable much longer. The impact is converting accounts receivable into cash longer. Conversely, if the company can collect accounts receivable quickly, means the better financial condition. So, it can attract investors to invest, then the stock price will increase and PBV will increase also. This is reinforced in the research Allkasinda (2011) also suggests that there is significant influence between the accounts receivable turnover on the PBV. Based on the theory and research results, the hypothesis is formulated as follows:

H_2: The accounts receivable turnover period negatively influences PBV.

The Effect of Inventory Turnover Period on PBV

According to Aminu and Zainudin (2012:734) mostly in manufacturing company's inventory usually comprises of raw materials, work in progress, other supplies and final products. All these forms of inventory need to be financed and their efficient management can increase a firm's profitability. Optimum inventory levels depend on sales, so sales must be forecasted before target inventories can be established. Moreover, because errors in setting inventory levels lead to lost sales or excessive carrying costs, inventory management is quite important. Therefore, according to Brigham and Houston (2007) firms use sophisticated computer systems to monitor their inventory holdings. Although inventory management may be considered as outside the main stream of finance, it is however necessary to emphasize its importance and potential effects to corporate value.

According to Munawir (2007:117) the higher inventory turnover, means the amount of working capital invested in inventory (goods) will be lower. In order to achieve a high turnover rate, it must be held planning and efficient inventory control. The faster inventory turnover period will reduce the risk of losses due to price reductions or changes in consumer tastes, in addition it will save the cost of storage and maintenance of the inventory. Negatively influences because when there is an increase in inventory turnover period one day then PBV will decrease. When the company longer to convert raw materials into finished goods and then sell the goods, make capital tied in inventory longer. It mean company to generate capital from its sales revenue longer. It will reduce the profitability of the company and capital will be hampered to finance activity daily company. Then investors will assess the prospects of the company decreased, so the PBV will decrease. This is reinforced in the research Allkasinda (2011) suggests that there are simultaneously significant influence between the inventory turnover, the accounts receivable turnover and the size of company on the PBV and Yuniarti (2014) also suggest there is significant influence between inventory turnover on the PBV. Based on the theory and research results, the hypothesis is formulated as follows:

H_3: The inventory turnover period negatively influences PBV.

The Effect of Accounts Payable Turnover Period on PBV

According to Aminu and Zainudin (2012:734) manufacturing firms generally make purchases from other firms on credit and record the debt as accounts payable. Accounts payable, is the biggest item in the classification of short term debt. This credit is a spontaneous source of financing in the sense that it arises spontaneously from ordinary business transactions. According to Newstex (2015:1) The accounts payable turnover ratio

shows how many times a company pays off its average accounts payable within a given year. The accounts payable turnover ratio is a liquidity ratio used by management to understand how a company handles its owed payments. According to Syamsuddin (2007:234) pay the accounts payable as slowly as possible, but not until reduce the trust of supplier to the company, take advantages every cash discount that are favorable for the company.

Positively influences because when there is an increase in accounts payable turnover period one day then PBV will increase. In the research Agizha (2014) stated, when the company do stretching accounts payable, company can use the capital to get various advantages like investment, expansion and purchase raw materials. When company extend the payment of account payable, company can use the available capital to profitable activity rather than pay the payable first. So, it will bring the company in a better financial condition, then investors will assess the prospects of the company increased, so the PBV will increase. Based on the theory and research results, the hypothesis is formulated as follows:

H_4: The accounts payable turnover period positively influences PBV.

Research Methodology

Type of Research

This research is conducted as a quantitative research. It is also a research with hypothesis testing. By using hypothesis testing, this research aimed at explaining causal relationship between research variables. This research identifies the relationship between independent variables and dependent variable.

Population and Sample

According to Supomo and Indrianto (2009:115) the population is a group of people, events or things that have certain characteristics. In this study the populations are 136 manufacturing company listed in Indonesia Stock Exchange.

According to Sugiyono (2008:116) the sample is part of the number and characteristics owned by this population. The sampling method used in this study is purposive sampling. According to Supardi (2005:115) it is a sampling method which has a nonprobability sampling technique for higher quality results and it is use to develop or refine the previous methods in have made based on the characteristics of the study subjects studied. the researcher implemented purposive sampling to follow these criteria:

1. Manufacturing company listed at BEI 2011-2013 period.
2. Manufacturing company listed at BEI 2011-2013 period, has positive profit.
3. Manufacturing company listed at BEI 2011-2013 period has a complete data needed by researcher.

Type and Data Sources and Data Collecting Method

Data used in this study are secondary data. Supomo and Indrianto (2009:147) stated that a secondary data research data obtained by researchers is not directly but through an intermediary medium for the publication or no publication. Secondary data is usually in the form of journals, evidence, records or historical reports that are arranged in the archive (documentary data), published and unpublished. Secondary data obtained from the Indonesian Stock Exchange Corner Faculty of Economics and Business, University of Brawijaya location is located at the MT Haryono No. 165 Malang. As well as from the IDX website at www.idx.co.id.

In this study, the data collection method used is documentation technique, which collects data from records or documents relating to matters under investigation. According to Supomo and Indriantoro (2009:147), it is the documentation data collection techniques is done by observing, recording, and copying company documents that are relevant to the problem studied. The data in this study is derived from the financial statements were obtained from www.idx.co.id.

Research Variable Definition and Measurement

According to Supomo and Indriantoro (2009:145), the variable is anything that can be given a wide range of values. Variable values can be numeric or form attributes using the size or scale in a range of values. In this study, the variables used in this research can be grouped into two, the dependent variable (Y) and the independent variable (X).

Dependent Variable

The dependent variable are described or influenced by the independent variable (Supomo & Indriantoro, 2009:145). The dependent variable used in this study is the price to book value (PBV) = Y. PBV defined as the market price of a stock divided by its book value (BV). PBV is also used to measure the value of a stock. The higher PBV, the more expensive the price of company stock. PBV formula is as follow:

$$Price\ to\ Book\ Value\ Ratio = \frac{Price\ Per\ Share}{Book\ Value\ Per\ Share}$$

$$Book\ Value = \frac{Total\ Equity}{Share\ Outstanding}$$

Independent Variable

The independent variable was the type of variables that describe or affect other variables (Supomo & Indriantoro, 2009:145). Independent variables used in this study includes:

1. Cash turnover measures how many times per year a company replenishing its cash balance with its sales revenue. The faster of cash turnover period is generally better than a lower one. Cash turnover period (X_1) is the average turnover time of cash during a period (365 days / a year). The formula used to calculate the period of cash flows are as follows:

$$Cash\ Turnover = \frac{Sales\ Revenue}{Average\ Cash}$$

$$Cash\ Average = \frac{Year\ Begining\ Cash + Year\ End\ Cash}{2}$$

$$Cash\ Turnover\ Period = \frac{365\ Days}{Cash\ Turnover}$$

2. Accounts receivable turnover measures how many times a business can collect its average accounts receivable during the year. Accounts receivable turnover period (X_2) is the average time it takes to convert receivables into cash, which is to receive cash after becoming sales. The formula used to calculate the accounts receivable turnover period are as follows:

$$Accounts\ Receivable\ Turnover = \frac{Net\ Credit\ Sales}{Average\ Receivables}$$

$$Average\ Receivables = \frac{Year\ Begining\ Receivables + Year\ End\ Receivables}{2}$$

$$Accounts\ Receivable\ Turnover\ Period = \frac{356\ Days}{Accounts\ Receivable\ Turnover}$$

3. Inventory turnover measures company's efficiency in turning its inventory into sales. Its purpose is to measure the liquidity of the inventory. Inventory turnover is figured as turnover times. Average inventory should be used for inventory level to minimize the effect of seasonality. Inventory turnover period (X_3) is the average time required to convert raw materials into finished goods and then sell the goods. The formula used to calculate the inventory turnover period is as follows:

$$Inventory\ Turnover = \frac{Cost\ of\ Good\ Sold}{Average\ Inventory}$$

$$Average\ Inventory = \frac{Year\ Begining\ Inventory + Year\ End\ Inventory}{2}$$

$$Inventory\ Turnover\ Period = \frac{365\ Days}{Inventory\ Turnover}$$

4. The accounts payable turnover ratio shows how many times a company pays off its average accounts payable within a given year. Accounts payable turnover period (X_4) a short term liquidity used to measure the time at which a company pay off their payables. The formula used to calculate the accounts payable turnover period is as follows:

$$Accounts\ Payable\ Turnover = \frac{Purchase}{Average\ Payables}$$

$$Average\ Payables = \frac{Begining\ Year\ Payables + End\ Year\ Payables}{2}$$

$$Accounts\ Payable\ Turnover\ Period = \frac{365\ Days}{Accounts\ Payable\ Turnover}$$

Data Analysis Method

The analysis method used in this research is the multiple regression analysis, which is a tool of analysis to determine the effect of independent variables on the dependent variable with the aim to estimate and predict the average or the population and the independent variables are known. While the data processing technique using application *SPSS for Windows ver 13.00.* In this study, the model used regression equation is:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e}$$

Information:

Y	= PBV
β_0	= Constant
β_1.... β_4	= Regression coefficient X_1....X_4
X_1	= Cash turnover period
X_2	= Accounts receivable turnover period
X_3	= Inventory turnover period

X_4 = Accounts payable turnover period
e = Factors error

Hypothesis Testing

According to Sugiyono (2008:96), the hypothesis is a temporary answer to the formulation of research problems, in which the formulation of research problems have been expressed in the form of a question. Then, hypothesis can be defined as a logical relationship expected between two or more variables are expressed in the form of a statement that can be tested. Hypothesis testing in this research used t-test.

T test used to test the effect of partially independent variable on the dependent variable. There are two criteria in examining the significance of variables. The first is to compare t_{count} with t_{table}. Second comparing the significant value with α. Testing criteria as follows:

- If $t_{count} > t_{table}$, then the independent variable significant to the dependent variable.
- IF $t_{count} < t_{table}$, then the independent variable not significant to the dependent variable.

The value of t_{table} is determined by looking at the table *t* test with significance level α is 5% and degree of freedom *df=n-k-1*. The next way is to compare significant value with α, as follows:

- If *sig* < α, then the independent variable significant to the dependent variable.
- If *sig* > α, then the independent variable not significant to the dependent variable.

Research Finding and Discussion

Multiple Linear Regression Test Results

Variable	*Coefficient B*	*t*	*Sig.*	Conclusion
Constant	12,391	2,947	0,006	Significant
X_1	-0,099	-2,496	0,017	Significant
X_2	-0,267	-4,097	0,00	Significant
X_3	-0,015	-0,406	0,687	Not significant
X_4	0,113	2,181	0,036	Significant
α	= 0,05			
R Square	= 0,352			
F count	= 5,022			
F table	= 2,626			
Sig. F	= 0,002			
t-table	= 2,026			

Based on table obtained regression equation as follows:

$$Y = 12{,}391 - 0{,}099\ X_1 - 0{,}267\ X_2 - 0{,}015\ X_3 + 0{,}113\ X_4$$

The regression model that above will explain the hypotheses testing result as described below:

Comment [DA2]:

1. Results of Hypothesis 1 (X_1)
   T test between X_1 with Y shows that t_{count} = -2,496. While t_{table} 2,026. Significant value for X_1 noted 0,017 and (α) value noted 0,05. Because $t_{count} > t_{table}$ and *significant value* < *α*. Then the effect of X_1 against Y is significant. It means H_0 is rejected. It can concluded the PBV can be affected significantly by cash turnover period. Negative coefficient value indicated the higher cash turnover period then the PBV will decrease.

2. Results of Hypothesis 2 (X_2)
   T test between X_2 with Y shows t_{count} = -4,097. While t_{table} 2,026. Significant value for X_2 noted 0,00 and (α) value noted 0,05. Because $t_{count} > t_{table}$ and *significant value* < *α*. Then the effect of X_2 against Y is significant. It means H_0 is rejected. It can be concluded that the PBV can be affected significantly by accounts receivable turnover period. Negative coefficient value indicated the higher accounts receivable turnover period then the PBV will decrease.

3. Results of Hypothesis 3 (X_3)
   T test between X_3 with Y shows t_{count} = -0,406. While t_{table} 2,026. Significant value for X_3 noted 0,687 and (*α*) value noted 0,05. Because $t_{count} < t_{table}$ and *significant value* > *α*. Then the effect of X_3 against Y is not significant. It means H_0 is accepted and it can be concluded that PBV is not affected significantly by inventory turnover period. Negative coefficient value indicated the higher inventory turnover period then the PBV will decrease.

4. Results of Hypothesis 4 (X_4)
   T test between X_4 with Y shows t_{count} = 2,181. While t_{table} 2,026. Significant value for X_4 noted 0,036 and (*α*) value noted 0,05. Because $t_{count} > t_{table}$ and *significant value* < *α* then the effect of X_4 against Y is significant. It means H_0 is rejected. It can be concluded that PBV is affected significantly by accounts payable turnover period. Positive coefficient value indicated the higher accounts payable turnover period then the PBV will increase.

First Hypothesis Test Discussion

From the hypothesis testing, it can be seen that the variable cash turnover period significantly affect manufacturing company on its PBV. In this study reveals that H_0 is rejected and H_a accepted which means that the cash turnover period affect the PBV. The result of the study is similar to Yuniarti (2014) results that cash turnover has significant with PBV. The PBV will be decreased for every increase cash turnover period. So, if the cash turnover period has increased one day the PBV will be decreased by 0,099 with the assuming other variables are considered constant. The existence of negative effects between the cash turnover period with PBV, means when the turnover of cash period longer than before the effect is the PBV will be decrease.

The explanation, according to Martono and Harjito (2007:116), cash is one of the current assets that has most liquid and most easily changed hands in a transaction. Cash should be readily available to be used to pay current liabilities and free from restrictions that limit its use. Cash is a component of working capital (Tampubolon, 2005:32). So, cash turnover is the turnover of working capital are tied in cash. Cash turnover is comparing between sales with average total sales (Riyanto, 2008:95). Thus the cash turnover rate

indicates the speed of return the capital tied up in cash. The faster cash turnover period means the company has a faster cash cycle. It could indicates that the company is efficient in the use of cash (can fill up quickly and use the cash for better purposes). If the cash turnover period is faster, the company can get the capital from those cash faster, then will be used for finance the general corporate activities like investment, pay salary, buy raw material, ect.

PBV will be decreased when the cash turnover period is longer. Because when cash turnover period is longer, it will cause the longer of capital are tied in cash, so cash can't run efficiently for finance the business activities. Cash will be used again to fund the operations so that the company's financial condition are not hampered. If the cash turnover period is not efficient it can affect to the corporate value, then PBV will decrease. Therefore, this condition can decrease investor interest to invest to the company. In the same vein, Darmadji and Fakhrudin (2001:141) who stated that the higher PBV means the strong market believes on the prospects of a company, thus resulting the company's stock price will increase as well. On the other hand, the lower the PBV pose a negative impact on low market confidence on company prospect. The impact might decrease the stocks demand and the stock price of the company.

Second Hypothesis Test Discussion

From the hypothesis testing, it can be observed that variables such as accounts receivable turnover period significantly affect the PBV of manufacturing company. In this study reveals that H_0 is rejected and H_a is accepted. It means that the accounts receivable turnover period affect the PBV. The significant influence of accounts receivable turnover period on PBV indicates that the accounts receivable need special attention for the company to improve the PBV.

The PBV will be decreased for every increase accounts receivable turnover period. So, if the account receivable turnover period increases one day, the PBV will be decreased by 0,267 by assuming that other variables are constant. The negative influences of the accounts receivable turnover period on PBV occurs, because when accounts receivable turnover period increases one day then the accounts receivable turnover period will be slower, or in other words the accounts receivable management is not efficient. Similarly, Riyanto (2008:90), maintained that accounts receivable turnover can be used as an illustration of the accounts receivable management effectiveness, because the higher a company's accounts receivable turnover indicates the better condition of the accounts receivable management. When the turnover is lower than before, it indicates that the collecting of accounts receivable is longer or converting its accounts receivable into cash is slower. This condition makes the capital tied in accounts receivable longer. Therefore, the impact of this unfavorable is on the corporate value that will decrease and reduce the interest of investors, so that the PBV will be decrease. The result of this study is similar to the research results conducted by Allkasinda (2011) that the accounts receivable turnover has significant effect on PBV.

Third Hypothesis Test Discussion

From the hypothesis testing, it can be seen that the variables such as inventory turnover period does not have significant impact on PBV in manufacturing companies. As revealed in this study that H_0 is accepted and H_a is rejected which means that the inventory turnover does not affect to PBV.

Inventory turnover period is the average time required to convert raw materials into finished goods then sell the goods. The results of this study indicate that when the inventory turnover period increases one day, PBV will decrease. The existence a negative effect of inventory turnover period on PBV occurs because when the inventory turnover period increase one day makes the inventory turnover period will be slower, so the time required by companies to spend inventory is longer, which makes the cost that must be paid by company for maintenance is greater.

The higher of turnover, it indicated the shorter time bound of capital in inventory. So as to meet the volume of sales or cost of goods sold certain, with increasing its turnover takes a smaller amount of the capital. When the inventory turnover is too high, it indicated that the inventory maintenance practices that are too low and often run out of stock. However, if inventory turnover is too low, it is indicates of excess goods, rarely used or unused stocks. The inventory must be managed properly so that no excess or shortage. The result of this study have the same conclusion with Allkasinda (2011) that inventory turnover does not pose significant effect to PBV.

Fourth Hypothesis Test Discussion

From the hypothesis testing, it can be seen that the accounts payable turnover period significantly influences PBV on manufacturing companies. It is found that H_0 is rejected and H_a is accepted which means that accounts payable turnover period puts influences on PBV. PBV will increase when the accounts payable turnover period increases too. It means when company increase one day of payment the accounts payable, it makes PBV increase 0,113. Accounts payable can generate additional capital. If payment of accounts payable prolonged, then the additional capital owned can be used for better investments. With having an additional investment, the company can carry out production activities more effectively. The existence of this will affect the effectiveness of the company so as to enhance the company's ability to generate profits, so the corporate value can increase.

Accounts payable is capital that comes from outside the company which are temporarily working in the company and in turn must be paid back. Accounts payable is all financial liability to other parties who have not been fulfilled using funds or capital companies of the creditors (Kashmir, 2011:40). Because the payment of accounts payable prolonged, will make the capital tied in accounts payable longer. Agizha (2014) stated, when the company stretching accounts payable, company can use the capital to get various advantages like investment, expansion and purchase raw materials. So, it will bring the company in a better financial condition. So that, can increase corporate value and PBV. Pay accounts payable as slowly as possible, but not until reduce the trust of supplier to the company, take advantages every cash discount that are favorable for the company is the basic that should be used by the company to manage its cash (Syamsuddin, 2007:234).

Conclusion

This study is conducted to determine the variables that have an influence on the PBV. In this study, the independent variable are cash turnover period (X_1), accounts receivable turnover period (X_2), inventory turnover period (X_3), accounts payable turnover period (X_4) and the dependent variable is PBV (Y).

Based on the calculation of multiple linear regression analysis, it is found that:

1. There are three variables that have a significant influence on the PBV that are cash turnover period, accounts receivable turnover period and accounts payable turnover period.
2. The variable that has a t_{count} value greatest is accounts receivable turnover period. So the accounts receivables turnover period has the most powerful influence compared to other variables, the accounts receivables turnover period have a dominant influence on PBV.
3. PBV is one of the way to calculate the value of the company. Increasing the value of the company can be done with efficiency from every the components of working capital. If the value of the company increases will attract investors to invest to the company so as to increase the share price.

Comment [U3]: kesimpulan mengenai efektifitas menejemen dan dampak kepada saham belum dibahas

Suggestion

Based on the above conclusions, there are some suggestions that can be proposed for the company as well as stakeholders as illustrated as follow:

1. It is expected that the company can maintain and improve service to the accounts payable, because the accounts payable turnover period has a good effect in improving the PBV, including the payment of accounts payable, extend payments make the available capital can be used for better investment, so PBV will increase and pose an impact on the stock price to increase.
2. It is expected that the company can maintain and improve service to accounts receivable, by speeding up collection of accounts receivable can make the process of converting accounts receivable into cash faster, so the capital tied in accounts receivable is not long. When the accounts receivable turnover period is faster it can generate good financial condition, so that can increase the investor interest to invest, so as to improve PBV.
3. The independent variables in this study is important in influencing the PBV. It is hoped that this research can be used as a reference for further research by considering different variables from this study.

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